



J. TYLER McCAULEY
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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March 1, 2006

TO: Mayor Michael D. Antonovich
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Don Knabe

FROM: J. Tyler McCauley 
Auditor-Controller

SUBJECT: **DREW CHILD DEVELOPMENT CORPORATION CONTRACT -
CALWORKS STAGE 1 CHILD CARE SERVICES**

We have completed a contract compliance review of Drew Child Development Corporation (DREW or Agency), a CalWORKs Stage 1 Child care service contractor. The review was conducted by the Auditor-Controller's Countywide Contract Monitoring Division.

Background

The Department of Public Social Services (DPSS) contracts with DREW to assist parents with child care services. The Agency's services include determining participants' presumptive eligibility, explaining participants' child care options and program rights, providing consumer education information and paying the daycare service providers. DREW is located in the Second District.

DPSS paid DREW a negotiated rate of approximately \$125 per case per month. DPSS also paid DREW a fixed monthly fee of approximately \$9,000 annually for outreach services. For Fiscal Year 2004-2005, DPSS paid the Agency approximately \$1.4 million.

"To Enrich Lives Through Effective and Caring Service"

Purpose/Methodology

The purpose of the review was to determine whether DREW provided the services outlined in their Program Statement and County contract. We also evaluated DREW's ability to achieve planned service and staffing levels. Our monitoring visit included a review of DREW's billing statements, participant case files, provider payment requests, time records and personnel files. In addition, we interviewed the Agency's staff, program participants and service providers.

Results of Review

Generally, DREW provided the services as required by the County contract using the appropriate number of qualified staff. DREW appropriately explained the various child care options, the program rights and consumer education information to the program participants.

DREW billed DPSS for child care services provided to participants that did not qualify for services and billed DPSS twice for the same services. Specifically, for three (5%) of the 55 cases reviewed, DREW provided services to participants that were not eligible for program services. In addition, for 40 (12%) of the 342 transactions reviewed, DREW billed DPSS twice for the same services. The amount over billed totaled \$7,113. In addition, nine (16%) of the 55 cases reviewed, DREW did not provide child care services to the eligible program participants timely.

The details of our review, along with recommendations for corrective action, are attached.

Review of Report

On November 22, 2005, we discussed our report with DREW who concurred with our report. In their attached response, DREW management indicates agreement with our report and that the \$7,113 overpayment was recouped by DPSS on their monthly invoices. We also notified DPSS of the results of our review.

We thank DREW for their cooperation and assistance during this review. Please call me if you have any questions, or your staff may contact Don Chadwick at (626) 293-1102.

JTM:MMO:DC

Board of Supervisors

March 1, 2006

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Attachment

c: David E. Janssen, Chief Administrative Officer
Bryce Yokomizo, Director, Department of Public Social Services
Mike Jackson, Chief Executive Officer, Drew Child Development Corporation
Public Information Office
Audit Committee

**COUNTYWIDE CONTRACT MONITORING DIVISION
CalWORKs STAGE 1 CHILD CARE PROGRAM
FISCAL YEAR 2004-2005
DREW CHILD DEVELOPMENT CORPORATION**

BILLED SERVICES/CLIENT VERIFICATION

Objective

Determine whether Drew Child Development Corporation (DREW or Agency) provided the services billed in accordance with their contract and the program participants actually received those services.

Verification

We reviewed a sample of 55 program participant cases assigned to DREW during December 2004 and January 2005 to verify that the program participants were eligible to receive child care services. We also reviewed a sample of 342 retroactive payments to ensure the payments were appropriate. In addition, we interviewed 36 program participants and 35 daycare providers to ensure that the participants and the providers received the child care services. Our sample represents \$13,704 (7%) of \$195,715 that DREW billed the Department of Public Social Services (DPSS) for the review period.

Results

DREW appropriately explained the various child care options, the program rights and consumer education information to the program participants.

However, DREW billed DPSS for child care services provided to participants that did not qualify for services. In addition, DREW billed DPSS twice for the same services. The over billings totaled \$7,113. In addition, child care services were not always provided to the participants timely. Specifically, we noted the following:

- For three (5%) of the 55 cases reviewed, DREW billed DPSS for child care services provided to participants that did not qualify for services. The three participants were not enrolled in an activity as required by the County contract. The services provided to individuals not eligible totaled \$2,130.
- For 40 (12%) of 342 retroactive authorizations reviewed, DREW billed DPSS for retroactive services that were already paid by DPSS. The amount of services that DREW over billed DPSS totaled \$4,983.
- For nine (16%) of the 55 cases reviewed, DREW did not start child care services to eligible program participants timely. These services were provided to the participants up to three months beyond the timeframe required by the County

contract. DREW stated that they will ensure that child care services are provided timely.

Recommendations

DREW management:

- 1. Ensure that services are only provided to eligible participants.**
- 2. Implement controls to prevent billing DPSS twice for the same services.**
- 3. Repay DPSS for the amount over billed of \$7,113.**
- 4. Ensure that child care services are provided timely.**

SERVICE/STAFFING LEVELS

Objectives

Determine whether DREW's actual service and staffing met the staffing levels required by the County contract.

Verification

We interviewed 15 of DREW's staff and reviewed the Agency's employee roster. In addition, we reviewed invoices for December 2004 and January 2005 and compared them to the Agency's proposed service levels for the same period.

Results

DREW reported service levels for the period averaged 786 participant cases per month. This represents a decrease of 21% from the budgeted participant service levels of 993 participant cases per month. The decrease is due to a reduction in the number of cases referred to the Agency by DPSS. The Agency's actual staffing levels of 24 Full Time Equivalent (FTE) staff were 23% below the planned staffing levels of 31 FTE staff. The Agency indicated that the staffing levels are monitored to be consistent with the changes in the service levels.

Recommendation

There are no recommendations for this section.

STAFFING QUALIFICATIONS

Objective

Determine whether DREW staff possesses the qualifications required by the County contract.

Verification

We reviewed the personnel files for 15 of 28 program staff for documentation to confirm staff qualifications.

Results

Each staff sampled possessed the required employment eligibility verification, training, reading, writing and language requirements identified in the contract.

Recommendation

There are no recommendations for this section.

Drew
Child
Development
Corporation

November 28, 2005

J. Tyler McCauley
Los Angeles County Auditor-Controller
500 W. Temple, Room 525
Los Angeles, CA 90012

Dear Mr. McCauley:

Contract Review Response

We have reviewed the report issued by your Department and are in general agreement with the findings and recommendations. Following is the corrective action plan that is being submitted to the Department of Public Social Services. The plan lists the recommendations contained in the auditor's report and our effort to implement changes that will address each recommendation in the report.

Recommendations:

1. **Ensure that services are only provided to eligible participants.**
2. **Implement controls to prevent billing DPSS twice for the same services.**
3. **Repay DPSS for the amount over billed of \$7,113.**
4. **Ensure that child care services are provided timely.**

Corrective Action Plan:

1. Drew Child Development Corp. ensures that services are provided only to eligible participants. If a participant provides all of the documents necessary for authorization but has no component on the GEARS System, we authorize the case for 30 days. In addition, an alert is placed on the MCC screen informing the GSW of the information provided to us. These instructions were given to us by the Child Care Alliance of Los Angeles. We have not been instructed otherwise. Please inform us if we should only authorize cases with open components in GEARS.
2. Effective with the September invoice, retroactive billings have been included in only one month's invoice. The Program Supervisor and the Fiscal Supervisor have been properly trained to prevent this event from reoccurring.
3. Overpayments by DPSS to Drew Child Development Corp. have been recouped by DPSS on their monthly invoice.
4. Drew Child Development Corp. employees have been given further training to ensure that cases are authorized/denied in a timely manner. In addition, the JQA Department regularly audits cases to ensure accuracy and timeliness.

If you have any questions, please feel free to contact me at (323)249-2950 ext 124.

Sincerely,



Teri Aranguren
Interim Chief Operating Officer

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